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AZ CORP. COMM. DIV.  
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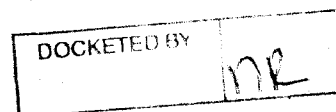
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Mr. Sam DuBois  
7195 Wexford  
Kirkland, AZ 86332

Dear Mr. ~~DuBois~~ *Sam*;

W-02065A-07-0312 Arizona Corporation Commission  
W-02065A-07-0306 DOCKETED  
W-02065A-07-0307 FEB -1 2008

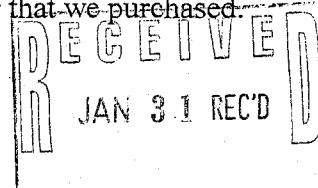


This firm represents the Wilhoit Water Company, which provides water to the Thunderbird Meadows subdivision across Highway 89 from Walden Village. As President of the Board of the Walden Meadows Community Co-op, I am sure you are aware Wilhoit has had great difficulty supplying sufficient water to residents during the hot summer months. Currently, we purchase some water from the Walden Meadows Community Co-op, but you have indicated that the Board is not willing to increase the amount of water it sells to Wilhoit.

Even though Walden Meadows has more than adequate water to meet its residents' needs, every time there is a story in the newspaper about water problems in Wilhoit, it affects the perception of property values for owners on both sides of Highway 89. A permanent solution to the water supply problem for Thunderbird Meadows must be found. Wilhoit needs to locate a more productive and assured water supply. And that is the purpose of this letter.

I requested an opportunity to address the Walden Co-op Board with the information in this letter, but was told by you that the Board was not interested in hearing what I had to present. That is unfortunate, because there are three options that Wilhoit is exploring and all of them involve the Walden Meadows Co-op in one way or another. With the chance to discuss this with the Board in person, it would have provided the opportunity to answer any questions you might have had.

The first option we are exploring is to obtain land in the general vicinity of the two wells Walden currently has in production in the southern portion of the subdivision. On that land, Wilhoit would dig a well and install a storage tank. To get the water to Thunderbird Meadows, we would need to bore a hole underneath Highway 89, then trench and lay pipe for approximately 4,500 feet to interconnect with the existing lines in the Thunderbird subdivision. As you can well imagine, this would be a costly, but necessary undertaking if no other solutions are available. We already have applied for a loan from the Arizona Water Infrastructure Financing Authority and are on the 2008 recommended funding list. Also, Wilhoit would no longer purchase water from the Walden Co-op. In the past calendar year, Wilhoit added more than \$10,000 to the Co-op's account for water that we purchased.



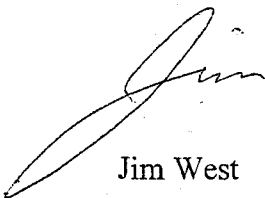
The second option is similar to the first, but with one significant difference. Wilhoit would still obtain land, dig a well and install a storage tank – but to save time and money – Wilhoit would contract with Walden to transmit water up the hill in the pipes Walden already has in place and across Highway 89 into new storage tanks Wilhoit will be installing. This option would save the residents of Thunderbird Meadows approximately \$127,000 for the installation of new pipes. In addition, Walden would receive a reasonable annual payment money from Wilhoit for what would essentially be renting your transmission lines to move water up the hill.

The third option is the simplest and, quite frankly, the most beneficial to the residents of both Walden Village and Thunderbird Meadows. With your new well coming on line in the near future, there is an abundance of supply that could be used to provide water for both subdivisions. If Wilhoit could be assured of additional supply during the hot summer months, there would be no need to obtain land for a new well, construct a new well and install a new storage tank, saving the residents of Thunderbird Meadows another \$145,000. In addition, that would provide additional income to the Walden Co-op that could be used to extend your system to residents who currently must have water trucked to them. The result will assist Walden keep costs down to an affordable level.

I would welcome the opportunity to discuss this issue with you further and I would be happy to meet you at your home or place of business.

Please give me a call at 602.230.0030 to discuss and thank you for your consideration of this request.

Cordially,



Jim West

cc: ✓ The Honorable Kristin Mayes  
Ernest Johnson  
Steve Olea  
David Conlin